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LISTING STATEMENT NO. 2600

LISTED FEBRUARY 8, 1973.

1,578,558 Class A Convertible Common shares without par value of which 1,153,558 shares are subject to issuance.

1,578,558 Class B Convertible Common shares without par value of which 495,000 shares are subject to issuance.

	Class A	Class B
Stock Symbol	DYC ■ A	DYC ■ B
Post Section	1.2	1.2

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

DALMYS (CANADA) LIMITED

Incorporated under the Canada Corporations Act
by Letters Patent dated August 5, 1971.

CLASS A CUSIP 235492 10 5

CLASS B CUSIP 235492 10 4

CAPITALIZATION

	Authorized	Outstanding On December 31, 1972	To be Listed
Term Debt — 6% notes payable, shareholders		\$225,000	Nil
Capital Stock			
Class A Convertible Common Shares without nominal or par value	5,000,000 shares	425,000 shares	1,578,558 shares
Class B Convertible Common Shares without nominal or par value	5,000,000 shares	1,083,558 shares	1,578,558 shares

Reference is made to "Capitalization" on page 7 of the Prospectus dated December 12, 1972, referred to in Item 2 below.

1. APPLICATION

Dalmys (Canada) Limited (the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 1,578,558 Class A Convertible Common Shares without nominal or par value (the "Class A Shares") and 1,578,558 Class B Convertible Common Shares without nominal or par value (the "Class B Shares") of which 425,000 Class A Shares and 1,083,558 Class B Shares have been issued and are outstanding as fully paid and non-assessable. Five thousand Class A Shares are reserved for future allocation pursuant to the Employee Share Purchase Plan. Sixty-five thousand Class A Shares are reserved for issuance under the Employee Share Option Plan in respect of which options have been granted for an aggregate of 39,200 Class A Shares.

2. REFERENCE TO PROSPECTUS

Reference is hereby made to the attached prospectus dated December 12, 1972, (the "Prospectus") issued with respect to the secondary offering to the public in Canada of 420,000 Class A Shares. A copy of such Prospectus is hereby incorporated in this application and made part hereof.

The Company was incorporated under the Canada Corporations Act by Letters Patent dated August 5, 1971, with an authorized capital of \$250,000 divided into 15,000 preferred shares of the par value of \$10 each and 100,000 common shares of the par value of \$1 each. An aggregate of 4,230 preferred shares were issued in August 1971 for an aggregate consideration of \$42,300 in cash and were all subsequently redeemed on August 31, 1972. An aggregate of 35,799 common shares were issued in August 1971 for an aggregate consideration of \$35,799. All of the said issued and outstanding 35,799 common shares of the par value of \$1, were by Supplementary Letters Patent dated December 12, 1972, subdivided on a 42-for-1 basis and reclassified into 420,000 Class A Shares and 1,083,558 Class B Shares. By the same Supplementary Letters Patent the Company was converted from a private company to a public company and its authorized capital was increased so that the same now consists of 5,000,000 Class A Shares and 5,000,000 Class B Shares.

The Company is engaged in the retail merchandising of a full line of ladies' ready-to-wear apparel in eight provinces of Canada and operates 46 stores having an aggregate floor area of approximately 145,000 sq. ft. For the fiscal year ended August 31, 1972, sales of the Company were \$17,155,877 and net earnings were \$1,012,358. The majority of the stores are operated under the name Dalmys, while others are called Gazebo, Biba, Nantels, Fabrays or Gascon. Dalmys, Gazebo, and Biba are registered trademarks of the Company.

Reference is made to "The Company" and "Business of the Company" on pages 3 to 7 of the Prospectus and to "Recent Reorganization" on page 11 of the Prospectus.

SHARES ISSUED DURING LAST TEN YEARS

On August 23, 1971, and August 31, 1971, following the incorporation of the Company an aggregate of 4,230 preferred shares and 35,799 common shares were issued for their respective par values of \$10 and \$1 per share. The proceeds from the sale of the aforementioned shares were used by the Company to purchase from Fred Perlman, Philip Perlman and Ernie Perlman all of the issued and outstanding shares of Dalmys Limited, Dalmys (Maritimes) Limited, Gascon Inc., Bridal Modes Inc., and Styles Ltd. (the "Predecessor Companies"). All of the aforementioned preferred shares were redeemed on August 31, 1972, and all of the aforementioned common shares were by the Supplementary Letters Patent dated December 12, 1972, subdivided and reclassified into an aggregate of 420,000 Class A Shares and 1,083,558 Class B Shares.

On December 13, 1972, on aggregate 5,000 Class A Shares were issued pursuant to the Employee Share Purchase Plan at a price of \$9.68 per share.

DESCRIPTION OF SHARES

Reference is made to "Description of Shares" on pages 7 to 9 inclusive of the Prospectus.

DIVIDEND RECORD

The Company has not paid any dividends since its incorporation. On November 8, 1972, the directors of the Company declared their intention to pay a semi-annual dividend of 5¢ per Class A Share and of 4.25¢ per Class B Share commencing in May 1973.

SUBSIDIARIES AND AFFILIATED COMPANIES

The Company has no subsidiaries or affiliated companies.

FUNDED DEBT

Reference is made to "Capitalization" on page 7 of the Prospectus.

OPTIONS, UNDERWRITINGS, ETC.

Reference is made to "Employee Share Purchase and Share Option Plans" on page 10 of the Prospectus. The Trustee of the Employee Share Purchase Plan has purchased 5,000 Class A Shares and paid for such shares with monies provided by the Company.

The only underwriting agreement to which the Company has been a party, namely the underwriting agreement referred to under "Plan of Distribution" on page 7 of the Prospectus, has been performed.

LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company presently listed on any other stock exchange. The Company is currently making application to the Montreal Stock Exchange for the listing on the Montreal Stock Exchange of the 1,578,558 Class A Shares and of the 1,578,558 Class B Shares.

STATUS UNDER SECURITIES ACTS

The 420,000 Class A Shares of the Company offered for sale by the Prospectus were qualified for sale to the public through registered brokers and investment dealers in the Provinces of Nova Scotia, New Brunswick, Québec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. Conversion of Class A Shares to Class B Shares and of Class B Shares to Class A Shares does not require any further governmental permissions or authorizations.

FISCAL YEAR

The fiscal year of the Company ends on August 31 in each year. The last annual meeting of the shareholders was held on December 12, 1972, at Montréal, Québec.

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale.

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

Secondary Offering

DALMYS (CANADA) LIMITED

(Incorporated under the laws of Canada)

420,000 Class A Convertible Common Shares

(without nominal or par value)

The Class A Convertible Common Shares offered by this prospectus are being purchased by the underwriter from the persons shown under "Selling Shareholders" on page 11. The Company will not receive any part of the proceeds from the sale of such shares.

Each Class A Convertible Common Share is convertible, at the option of the holder, into one Class B Convertible Common Share and each Class B Convertible Common Share is convertible, at the option of the holder, into one Class A Convertible Common Share. Reference is made to "Description of Shares" on page 7.

There is no market for the shares offered by this prospectus and the price for this offering was determined by negotiation between the selling shareholders and the underwriter.

Purchasers of the Class A shares suffer an immediate dilution of \$8.72 per share. Reference is made to "Dilution" on page 9.

Applications have been made to list the Class A Convertible Common Shares and the Class B Convertible Common Shares on the Toronto and Montreal stock exchanges. Acceptance of such listings will be subject to the filing of required documents and evidence of satisfactory distribution, both within 90 days.

Price: \$10.75 Per Share

	Price to public	Underwriting discount	Proceeds to selling shareholders (1)
Per Share	\$ 10.75	\$ 0.67	\$ 10.08
Total	\$ 4,515,000	\$ 281,400	\$ 4,233,600

(1) Before deduction of expenses of issue payable by the selling shareholders, estimated at \$50,000.

We, as principals, conditionally offer these Class A Convertible Common Shares subject to prior sale, if, as and when delivered to and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under "Plan of Distribution" on page 7 and subject to the approval of all legal matters on behalf of the Company and the selling shareholders by Messrs. Phillips & Vineberg, Montreal, and on our behalf by Messrs. Stikeman, Elliott, Tamaki, Mercier & Robb, Montreal.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates in definitive form will be available for delivery on or before December 21, 1972.

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The Company

Dalmys (Canada) Limited (the "Company") was incorporated under the laws of Canada by Letters Patent dated August 5, 1971. As a result of a series of transactions effective September 1, 1971, the Company acquired the assets and assumed the liabilities of Dalmys Limited, Dalmys (Maritimes) Limited, Gascon Inc., Bridal Modes Inc. and Styles Ltd. (collectively the "Predecessor Companies") and the Company continued the business of the Predecessor Companies. Reference is made to "Recent Reorganization" on page 11. Except where the context otherwise requires, the word "Company" is used in this prospectus to include the Predecessor Companies.

By Supplementary Letters Patent dated December 12, 1972, the Company was converted from a private to a public company and its share capital was altered by cancelling all its preferred shares, by subdividing the issued and unissued common shares of the par value of \$1 each on a 42-for-1 basis and reclassifying them into Class A Convertible Common Shares without nominal or par value (the "Class A Shares") and Class B Convertible Common Shares without nominal or par value (the "Class B Shares") and by increasing the share capital by the creation of additional Class A Shares and Class B Shares. Reference is made to "Capitalization" on page 7.

The address of the head and principal office of the Company is 9475 Meilleur Street, Montreal, Quebec.

Business of the Company

The Company is engaged in the retail merchandising of a full line of ladies' ready-to-wear apparel in eight provinces of Canada and operates 46 stores having an aggregate floor area of approximately 145,000 sq. ft. For the fiscal year ended August 31, 1972, sales of the Company were \$17,155,877 and net earnings were \$1,012,358. The majority of the stores are operated under the name Dalmys, while others are called Gazebo, Biba, Nantels, Fabrays or Gascon. Dalmys, Gazebo and Biba are registered trademarks of the Company.

History and Development

Founded in 1939 under the leadership of the late Max Perlman, the Company opened two stores that year in the Montreal area. By 1949, Fishel ("Fred") Perlman, Philip Perlman and Elias Noah ("Ernie") Perlman, the sons of Max Perlman, had all joined the Company and were active in its business. The Company expanded its operations to the Maritime Provinces in 1949 with the opening of a store in St. John, New Brunswick, and entered the Ontario market in 1955 with the acquisition of a store in Ottawa. Additional stores were either acquired or opened and by the end of 1962 the Company operated a total of 18 stores; five in Ontario, five in the Maritime Provinces and eight in Quebec, two of which were subsequently closed.

Commencing in 1963, the Company began opening stores in enclosed shopping centres and malls. Operations were further extended to other provinces by opening a store in St. John's, Newfoundland in 1969, and stores in Winnipeg, Manitoba; Edmonton, Alberta and West Vancouver, British Columbia, in 1970.

Since 1962, 30 stores have been opened; 13 in Quebec, seven in Ontario, two in Nova Scotia, one in each of Newfoundland and Manitoba, and three in each of Alberta and British Columbia. The Company now operates a national chain of 46 stores, located as follows:

<u>Province</u>	<u>Number of Stores</u>
Newfoundland	1
Nova Scotia	4
New Brunswick	3
Quebec	19
Ontario	12
Manitoba	1
Alberta	3
British Columbia	3

The Company intends to pursue its programme of expansion, with emphasis on opening or acquiring new stores in downtown urban areas and enclosed shopping centres and malls.

The following table illustrates the development of the business of the Company during the five years ended August 31, 1972:

<u>Year ended August 31</u>	<u>Number of Stores</u>	<u>Sales (1)</u>	<u>Net Earnings (1)</u>	<u>Net Earnings per Share (1) (2)</u>
1968	27	\$ 8,040,646	\$ 249,293 (3)	\$0.17 (3)
1969	30	9,222,039	297,007 (3)	0.20 (3)
1970	34	10,900,227	293,271	0.20
1971	38	13,587,740	438,570	0.29
1972	43 (4)	17,155,877	1,012,358	0.67

- (1) For principles of combination in determining Sales, Net Earnings and Net Earnings per Share, see Note 1 to Financial Statements on page 15.
- (2) After giving effect to the 42-for-1 subdivision of the common shares of the Company on December 12, 1972.
- (3) Before extraordinary credits representing reductions of income taxes arising from the application of losses incurred by Bridal Modes Inc. prior to its acquisition by Fred, Philip and Ernie Perlman in 1965. See Note 6 to Financial Statements on page 16.
- (4) Three additional stores were opened after August 31, 1972.

Merchandise

The merchandise sold by the Company may be classified into five basic categories: dresses; suits and coats; sportswear; furs; and accessories (excluding footwear). Sportswear includes blouses, sweaters, pants, skirts and coordinates. Furs sold by the Company are generally medium price, high-fashion furs. Most of the Company's merchandise is in the medium to higher price range and the Company's merchandising policy emphasizes quality, style and fashion.

Throughout its history, the Company has enjoyed a satisfactory relationship with a large number of suppliers. It now deals with approximately 500 suppliers, none of which accounted for more than 4% of the Company's purchases for the year ended August 31, 1972. The Company is, however, a major customer of many suppliers from which it purchases in volume. In the year ended August 31, 1972, approximately 95% of the Company's purchases were made from suppliers in Canada. The Company is not engaged in the manufacture of its merchandise.

The Company leases a head office and a central warehouse of approximately 40,000 sq. ft. located in Montreal. The majority of all merchandise is received, checked and ticketed at this warehouse, and is then distributed to the stores of the Company. The Company maintains a unit inventory control which provides information with respect to style, size, colour and location. In addition, the Company operates, through a service bureau, a computerized retail inventory system.

The Company has its own display department and assembles most of its display material at its Montreal warehouse. Advertising has been confined to special promotions and to publicizing store openings. In addition, promotional material is from time to time included with the mailing of statements to credit customers.

Credit Sales

Charge accounts are generally available to the Company's customers for the purchase of its merchandise. The percentage of sales made on credit has ranged from approximately 18% to approximately 29% in the five years ended August 31, 1972, and was approximately 18% in the last of such years. The Company believes that its credit policy is important in the creation of store traffic and in the development of customer loyalty. The Company's stores also accept a number of major credit cards.

Properties

All of the Company's stores are located either in downtown urban areas or in enclosed shopping centres and malls. The following table describes the store locations of the Company, all of which are leased:

<u>Location</u>	<u>Operated Under Name of</u>	<u>Date of Opening</u>	<u>Approximate Area (sq. ft.)</u>
Atlantic Provinces			
14 Charlotte Street, St. John, New Brunswick	Dalmys	1949	3,300
1715 Barrington Street, Halifax, Nova Scotia (1)	Dalmys	1953	2,000
882 Main Street, Moncton, New Brunswick	Dalmys	1954	3,500
506 Queen Street, Fredericton, New Brunswick	Dalmys	1956	1,280
2155 Gottingen Street, Halifax, Nova Scotia (1)	Dalmys	1959	1,500
Halifax Shopping Centre, Halifax, Nova Scotia	Dalmys	1964	3,108
Scotia Square Shopping Centre, Halifax, Nova Scotia	Dalmys	1969	3,920
Avalon Mall, St. John's, Newfoundland	Dalmys	1969	3,000
Quebec			
469 St. Catherine Street West, Montreal, Quebec	Dalmys	1939	1,250
4423 Wellington Street, Verdun, Quebec	Dalmys	1939	2,500
393 St. Catherine Street West, Montreal, Quebec (1)	Nantels	1952	2,500
458 St. Catherine Street West, Montreal, Quebec	Fabrays	1957	3,000
1123 St. Jean Street, Quebec, Quebec	Dalmys	1960	1,600
250 des Forges Street, Trois-Rivières, Quebec	Gascon	1961	3,520
Place Ville Marie, Montreal, Quebec	Dalmys	1963	3,227
Place Ville Marie, Montreal, Quebec	Gazebo	1965	3,191
Fairview Shopping Centre, Pointe Claire, Quebec	Dalmys	1965	3,480
140 des Forges Street, Trois-Rivières, Quebec	Dalmys	1965	2,500
Place Laurier Shopping Centre, Ste. Foy, Quebec	Dalmys	1966	4,130
Les Galeries d'Anjou Shopping Centre, Ville d'Anjou, Quebec	Dalmys	1968	4,845
Place Laurier Shopping Centre, Ste. Foy, Quebec	Gazebo	1969	2,500
Place du Saguenay, Chicoutimi, Quebec	Dalmys	1969	4,481
Place Laurier Shopping Centre, Ste. Foy, Quebec	Biba	1971	3,424
Les Rivières Shopping Centre, Trois-Rivières, Quebec	Dalmys	1971	4,000
Les Galeries de Hull, Hull, Quebec	Dalmys	1972	3,460
Centre Laval, Laval, Quebec	Dalmys	1972	3,971
Tracy Sorel Plaza, Tracy, Quebec	Dalmys	1972	3,200
Ontario			
102 Rideau Street, Ottawa, Ontario	Dalmys	1955	3,500
123 Princess Street, Kingston, Ontario	Dalmys	1956	2,000
184 Sparks Street, Ottawa, Ontario	Dalmys	1960	1,850
368 George Street, Peterborough, Ontario	Dalmys	1960	2,968
198 Dundas Street, London, Ontario	Dalmys	1962	1,600
St. Laurent Shopping Centre, Ottawa, Ontario	Dalmys	1967	3,360
129 King Street, Hamilton, Ontario	Dalmys	1967	3,500
Fairview Park Shopping Centre, Kitchener, Ontario	Dalmys	1967	3,000
Devonshire Mall, Windsor, Ontario	Dalmys	1970	4,375
Oshawa Shopping Centre, Oshawa, Ontario	Dalmys	1970	3,500
Sherway Gardens Shopping Centre, Etobicoke, Ontario	Dalmys	1971	3,720
Lloyd D. Jackson Square, Hamilton, Ontario	Dalmys	1972	2,980

<u>Location</u>	<u>Operated Under Name of</u>	<u>Date of Opening</u>	<u>Approximate Area (sq. ft.)</u>
Western Provinces			
Polo Park Shopping Centre, Winnipeg, Manitoba	Dalmys	1970	4,860
Southgate Shopping Centre, Edmonton, Alberta	Dalmys	1970	3,291
Park Royal Shopping Centre, West Vancouver, British Columbia	Dalmys	1970	3,021
Pacific Mall, Vancouver, British Columbia	Dalmys	1971	2,960
Calgary Market Mall, Calgary, Alberta	Dalmys	1971	4,848
Londonderry Mall, Edmonton, Alberta	Dalmys	1972	3,942
Guildford Town Centre, Surrey, British Columbia	Dalmys	1972	3,608

- (1) Leased from Fred, Philip and Ernie Perlman as described under "Interest of Management and Others in Material Transactions and Promoters" on page 12.
- (2) Most leases require the Company to pay property tax increases and certain leases contain operating expense escalation, common area and other occupancy charges. All of the leases in shopping centres and malls provide for additional rentals based on sales.

Existing store leases expire in the following years:

<u>Year of Expiry</u>	<u>Number of Stores</u>	<u>Year of Expiry</u>	<u>Number of Stores</u>
1973	2	1981	3
1974	4	1982	11
1975	2	1983	2
1976	5	1984	1
1977	4	1985	2
1978	2	1986	1
1979	3	1987	—
1980	3	1988	1

The Company is negotiating for, or has entered into, leases or agreements to lease in respect of seven new stores, four in Ontario, two in Quebec and one in Nova Scotia, all of which are expected to be opened within one year. These stores would represent approximately 24,000 sq. ft. of additional area. The estimated cost of opening these stores is \$350,000, which sum is expected to be financed from internally generated funds or from bank borrowings under existing lines of credit.

All of the fixtures and equipment of the stores are owned by the Company. The Company carries property and public liability insurance in amounts which it considers to be reasonable.

Management and Employees

The Company employs a permanent staff of approximately 500 full time employees and at present also has approximately 230 part time employees. Approximately 90 of the employees work at the Company's head office and warehouse.

The senior management group consists of Fred Perlman, 48, the president; Philip Perlman, 45, the vice president; and Ernie Perlman, 51, the secretary-treasurer of the Company. The foregoing individuals have each been with the Company for more than 22 years. Fred Perlman is responsible for the overall management of the Company, including store locations and lease negotiations. The functions of Philip Perlman primarily involve merchandising and store design, while Ernie Perlman is also responsible for merchandising and for store supervision and personnel. Each member of the senior management group has at times assumed functions usually performed by the two other members.

The senior management group is complemented by specialized buyers, store managers and area supervisors who, in the opinion of the Company, are experienced in the various aspects of merchandising and store operations.

The Company considers its employee relations to be satisfactory. It is not a party to any collective labour agreement.

Capitalization			
	Authorized or to be Authorized	Outstanding on August 31, 1972	Outstanding on October 31, 1972
Term debt:			
6% notes payable, shareholders (1)		\$225,000	\$225,000
Capital stock: (2)			
Class A Shares	5,000,000 shs.	420,000 shs. (\$10,000)	420,000 shs. (\$10,000)
Class B Shares	5,000,000 shs.	1,083,558 shs. (\$25,799)	1,083,558 shs. (\$25,799)

Notes:

1. The 6% notes payable are unsecured and are repayable in annual instalments of \$45,000 each, commencing December 1, 1973.
2. The table gives effect to Supplementary Letters Patent dated December 12, 1972 providing for the cancellation of the issued and unissued 5% Redeemable Preferred Shares, the subdivision of the issued and unissued common shares of the par value of \$1 each on a 42-for-1 basis, the reclassification of the common shares into Class A Shares and Class B Shares without nominal or par value and the increase of the authorized capital of the Company. Reference is made to "Description of Shares" below for further particulars of the Class A Shares and the Class B Shares.
65,000 Class A shares have been reserved for issuance upon the exercise of options granted and which may be granted under the Employee Share Option Plan and a further 10,000 shares have been reserved for allotment under the Employee Share Purchase Plan; reference is made to "Employee Share Purchase and Share Option Plans" on page 10.
3. In addition to paid-up share capital, the Company had Retained Earnings of \$3,021,391 as at August 31, 1972.
4. For information regarding obligations under leases, reference is made to Note 5 to Financial Statements on page 16.

Plan of Distribution

Under an agreement dated December 12, 1972 (the "Underwriting Agreement"), between the Company, the persons listed under "Selling Shareholders" on page 11 and Dominion Securities Corporation Limited, as underwriter, the selling shareholders agreed to sell 420,000 Class A Shares and the underwriter agreed to purchase on December 21, 1972, subject to the terms and conditions stated therein, all but not less than all such shares at a price of \$10.08 per share payable in cash against delivery of such shares. The obligations of the underwriter under the Underwriting Agreement may be terminated at its discretion on the basis of its assessment of the state of the financial markets and also may be terminated upon the occurrence of certain stated events.

Description of Shares

The Class A Shares and Class B Shares are the only authorized shares of the Company. All such shares outstanding are fully paid and non-assessable.

The Class A Shares and the Class B Shares entitle the holders thereof to one vote per share and rank equally in respect of participation as to dividends, subject to the adjustment made for the tax-paid feature of dividends out of tax-paid undistributed surplus on hand on the Class B Shares. The conditions attaching to the Class A Shares and Class B Shares may not be changed without the approval of the holders of not less than two-thirds of the Class A Shares and of not less than two-thirds of the Class B Shares present or represented by proxy and voting separately by class at a meeting duly called to consider such change, at which the holders of a majority of both classes of shares are present or represented by proxy. The holders of the Class A Shares and the Class B Shares are entitled to share equally in any liquidation or distribution of assets of the Company. Particulars of the conversion rights, the provisions in respect of dividends and the income tax considerations thereof are set forth below.

Convertibility

Each Class A Share is convertible at any time, at the option of the holder, into one Class B Share and each Class B Share is convertible at any time, at the option of the holder, into one Class A Share.

Provisions Relating to Dividends and Income Tax Considerations Thereof

The Class A Shares differ from the Class B Shares as to their provisions relating to dividends. Dividends may be declared in cash, in shares of the Company or otherwise. The holders of the Class A Shares and the Class B Shares shall be entitled to participate equally share for share in any dividends which the Company shall pay on such shares and no dividend shall at any time be declared payable on the Class A Shares or the Class B Shares unless at the same time a dividend of an equal or equivalent amount or value per share is declared payable on the Class B Shares or the Class A Shares, as the case may be, except as hereinafter mentioned. In the case of the Class B Shares, dividends shall be paid out of tax-paid undistributed surplus on hand (as such term is from time to time defined in the Income Tax Act (Canada) and/or the Taxation Act (Quebec) or regulations thereunder) unless, in their discretion, the directors consider it impracticable to provide for that form of dividend. When a dividend is declared on the Class A Shares and the Class B Shares, the dividend being paid on each Class A Share must be in an amount or value equal to the dividend being paid on each Class B Share plus the aggregate amount of tax paid to create the amount of tax-paid undistributed surplus employed in payment of the dividend on such Class B Share.

The rate of tax applicable in creating tax-paid undistributed surplus out of 1971 undistributed income on hand is currently 15% under the Income Tax Act (Canada) and it is anticipated that arrangements will be made between Canada and the Province of Quebec and that rules will be prescribed pursuant to the Taxation Act (Quebec) such that upon payment of such 15% tax to Canada and the filing of appropriate documentation with the Province of Quebec, the creation of the tax-paid undistributed surplus for purposes of the Income Tax Act (Canada) will create tax-paid undistributed surplus for purposes of the Taxation Act (Quebec) as well. On the basis of the foregoing, a dividend out of tax-paid undistributed surplus on a Class B Share would be 15% less than the equivalent dividend on a Class A Share. When and if all tax-paid undistributed surplus has been distributed, subsequent dividends paid on each Class A Share and each Class B Share will be equal in amount or value. The Company believes that its 1971 undistributed income on hand is sufficient to provide for anticipated dividends on the Class B Shares out of tax-paid undistributed surplus for a number of years.

From an income tax point of view, dividends paid out of tax-paid undistributed surplus would benefit some shareholders but not others. The interconvertibility of the Class A Shares and the Class B Shares permits each shareholder to determine from time to time which class of shares is more advantageous to him and permits him to continue to hold or convert his shares accordingly.

Under the Income Tax Act (Canada) and applicable provincial tax laws, dividends received by shareholders on the Class B Shares out of tax-paid undistributed surplus will be free from tax but will result in a reduction of the shareholders' adjusted cost base of such shares for capital gains tax purposes, thus increasing the gain or decreasing the loss to be realized on any subsequent disposal of such shares. Dividends received on the Class A Shares will continue to be taxable as income, subject in the case of both individual and corporate shareholders to the dividend tax credits provided by applicable federal and provincial tax laws.

In determining at any particular time whether it is more advantageous to hold Class A Shares or Class B Shares, the circumstances of each shareholder will govern. An individual shareholder will have to compare receiving a taxable dividend of a greater amount or value on the Class A Shares and application of his dividend tax credit as against receiving a tax-free dividend of a lesser amount or value on the Class B Shares out of tax-paid undistributed surplus with the resultant reduction of his adjusted cost base on such shares. A corporate shareholder will have to make a similar comparison also taking into consideration whether it is a corporation entitled to full tax credit or other tax-free treatment on dividends on the Class A Shares or a private corporation subject to the refundable dividend tax applicable to private corporations. Such comparison will no longer be necessary when there is no longer tax-paid undistributed surplus and the Class A Shares and the Class B Shares will, at such juncture, effectively become equal in all respects.

Under current federal and provincial tax laws, a conversion of Class A Shares into Class B Shares or vice versa would be a "disposition" giving rise to a capital gain or loss for tax purposes. Bill C-222 of the House of Commons would have provided, had it been enacted, for the tax-free interconvertibility of common shares of one class to another and would, therefore, have permitted shareholders of the Company to convert their Class A Shares into Class B Shares and vice versa at any time, without realizing a gain or loss for income tax purposes and with a continuation, without change, of the adjusted cost base of the shares being converted to the new shares received on the conversion. This Bill did not, however, become law before the dissolution of Parliament in June 1972 and there has been no indication as yet whether similar legislation will be enacted by Parliament or whether similar amendments will be made to applicable provincial legislation.

Dilution

Based on the balance sheet as at August 31, 1972, the net tangible assets of each Class A Share and of each Class B Share, after giving effect to the cancellation, subdivision and reclassification of share capital effected by Supplementary Letters Patent dated December 12, 1972, was \$2.03, which is \$8.72 per Class A Share and per Class B Share less than the price at which Class A Shares are being offered by this prospectus, and accordingly purchasers of the Class A Shares suffer an immediate dilution of \$8.72 per share.

Dividends

The dividend policy of the Company will be determined from time to time by the board of directors on the basis of earnings, financial requirements and other relevant factors. No dividends have been paid by Dalmys (Canada) Limited since its incorporation in 1971. On November 8, 1972, the directors of the Company declared their intention to pay a semi-annual dividend of 5 cents per Class A Share and 4.25 cents per Class B Share commencing in May 1973.

Prior Sales

Other than the Class A Shares and Class B Shares issued as a result of the cancellation, subdivision and reclassification of share capital effected by Supplementary Letters Patent dated December 12, 1972, no shares of the Company have been issued by the Company or sold by the selling shareholders within the 12 months preceding the date of this prospectus.

Directors and Officers

The names, home addresses, and position and offices held with the Company by each officer and director thereof, together with their principal occupations are as follows:

<u>Name and Home Address</u>	<u>Office</u>	<u>Principal Occupation</u>
Fishel ("Fred") Perlman 15 Surrey Gardens Westmount, Quebec	President and Director	President of the Company
Philip Perlman 690 Aberdeen Avenue Westmount, Quebec	Vice President and Director	Vice President of the Company
Elias Noah ("Ernie") Perlman . . . 647 Powell Avenue Town of Mount Royal, Quebec	Secretary-Treasurer and Director	Secretary-Treasurer of the Company
Harry Finkelstein, C.A. 5224 Cumberland Avenue Montreal, Quebec	Controller	Controller of the Company

During the last five years Fred Perlman, Philip Perlman and Ernie Perlman were associated with and acted as directors, officers or managers of the Company or the Predecessor Companies. Harry Finkelstein is a chartered accountant who, prior to August 1970, was a partner in the firm of Climan, Finkelstein & Company, the former auditors of the Company.

Remuneration of Directors and Senior Officers

The aggregate remuneration paid or payable by the Company to its directors and senior officers for the year ended August 31, 1972, was \$248,052 and for the two months ended October 31, 1972, was \$40,834. It is estimated that such remuneration for the current financial year will be approximately \$245,000. Reference is made to the pension plans of the Company described under "Employee Pension Plan" below.

Employee Pension Plan

Prior to the incorporation of the Company, Dalmys Limited, Dalmys (Maritimes) Limited and Styles Ltd. had each established pension plans of which Fred Perlman, Philip Perlman and Ernie Perlman were the sole beneficiaries. The last payment under such plans, in the aggregate sum of \$85,000, was made in the fiscal year ended August 31, 1968. The Company and the beneficiaries have agreed that no further contributions will be made by the Company under these plans.

Employee Share Purchase and Share Option Plans

On December 12, 1972, the Company adopted an Employee Share Option Plan covering 65,000 Class A Shares and an Employee Share Purchase Plan covering 10,000 Class A Shares for key employees of the Company, none of whom are at present directors of the Company. The terms of these plans are subject to the respective rules and regulations of the regulatory authorities governing the Company. Accordingly, the exercise price under such plans may not at present involve a discount of more than 10% from the market value of the shares on the date of the grant.

Any option granted under the Employee Share Option Plan will be exercisable for a period of ten years from the date of the grant provided that an employee shall not exercise, in any one year of the Plan, more than 10% of the options granted to him plus any options unexercised by him in previous years. On December 12, 1972, the Company granted options to 66 employees pursuant to the Employee Share Option Plan. Options to purchase 6,500 Class A Shares were granted to three senior officers and 32,700 Class A Shares were granted to other employees, at a purchase price of \$9.68 per share, being 10% less than the price to the public of the Class A Shares offered hereby.

On December 12, 1972, pursuant to the Employee Share Purchase Plan, the Company also granted to five employees of the Company, some of whom were granted share options in the manner set forth above, the right to purchase an aggregate of 5,000 Class A Shares for a period of 30 days from the delivery of the Class A Shares offered hereby at a purchase price of \$9.68 per share, being 10% less than the price to the public of the Class A Shares offered hereby. Of such rights to purchase shares, rights in respect of 1,000 Class A Shares were granted to one senior officer of the Company. Pursuant to the terms of the Employee Share Purchase Plan, the Company, in the event of exercise of the rights granted thereunder, has agreed to provide to the trustee of such plan sufficient moneys to enable the trustee to loan to such employees moneys to purchase the foregoing shares, which loans do not bear interest and are required to be repaid over a period of seven years. Any cash dividends declared by the Company on shares owned by such employees while such loan is in effect shall be applied in reduction of such loan.

Principal and Selling Shareholders

Principal Shareholders

The following sets forth as at October 31, 1972, the names, addresses and shareholdings of all persons who, to the knowledge of the Company held, directly or indirectly, beneficially or of record, more than 10% of the Class A Shares or Class B Shares of the Company, after adjustment to give effect to the alteration of the share capital of the Company on December 12, 1972:

Name and Address (1)	Class of Share	Number of Shares Owned before this Offering (2)	Percentage of Class Outstanding before this Offering	Number of Shares to be Owned after this Offering (2)	Percentage of Class Outstanding after this Offering
Fred Perlman	Class A	140,000	33 ⅓	—	—
	Class B	361,186	33 ⅓	361,186	33 ⅓
Philip Perlman	Class A	140,000	33 ⅓	—	—
	Class B	361,186	33 ⅓	361,186	33 ⅓
Ernie Perlman	Class A	140,000	33 ⅓	—	—
	Class B	361,186	33 ⅓	361,186	33 ⅓

(1) Addresses for these shareholders are set forth on page 9.

(2) All shares are owned of record and beneficially.

As at October 31, 1972, the directors and senior officers of the Company as a group beneficially owned directly 420,000 Class A Shares and 1,083,558 Class B Shares, being all of the outstanding shares of the Company, after adjustment to give effect to the alteration of the share capital of the Company on December 12, 1972.

Selling Shareholders

Fred Perlman, Philip Perlman and Ernie Perlman have each agreed to sell 140,000 of the 420,000 Class A Shares offered hereby, being all of the issued and outstanding Class A Shares. After this offering, Fred Perlman, Philip Perlman and Ernie Perlman will each own 361,186 Class B Shares, aggregating 1,083,558 Class B Shares, being all of the then outstanding Class B Shares and approximately 72% of all of the then outstanding shares of the Company.

Shareholders' Agreement

Fred, Philip and Ernie Perlman propose to enter into an agreement to be dated December 21, 1972 with respect to their shareholdings in the Company after giving effect to this offering. The principal objects of this agreement will be to provide that the parties thereto will vote together as shareholders for the election of each of them as directors of the Company and with respect to all other matters requiring shareholders' approval and to provide that none of the shares held by the parties to the agreement shall be sold to third parties unless first offered to the other parties to the agreement on a pro rata basis.

Recent Reorganization

In August 1971, Fred, Philip and Ernie Perlman were the sole shareholders in equal proportions of the issued and outstanding shares of Dalmys Limited, Bridal Modes Inc., Gascon Inc. and Styles Ltd., each of which was incorporated under the laws of the Province of Quebec, and Dalmys (Maritimes) Limited, incorporated under the laws of the Province of New Brunswick (all of which are collectively called the "Predecessor Companies"). For the purposes of economy and simplicity of operation, it was then proposed that a reorganization of the Predecessor Companies take place whereby all of such companies would consolidate their business into one company. In August 1971, Fred Perlman, Philip Perlman and Ernie Perlman subscribed in equal proportions for an aggregate of 99 common shares, as then constituted, of the Company. At that time, Fred, Philip and Ernie Perlman sold all of their shares in the Predecessor Companies to the Company for a price equal to the aggregate of the paid up capital of the Predecessor Companies. The price for such shares of the Predecessor Companies was effectively paid by the issuance of an aggregate of 35,700 common shares and 4,230 preferred shares, each as then constituted, of the Company to Fred, Philip and Ernie Perlman in equal proportions. In the process of reorganization, it was necessary to create a new company under the laws of the Province of New Brunswick in which these individuals owned an equal number of shares. Effective September 1, 1971, two statutory amalgamations took place, one with respect to the group of Quebec companies and the other with respect to the two New Brunswick companies (the Quebec and New Brunswick companies resulting from such amalgamations being collectively called the "Amalgamated Companies"). Immediately before the amalgamations the non-depreciable assets of the Predecessor Companies were sold to the Company. Immediately after the amalgamations the depreciable assets of the Amalgamated Companies were distributed to the Company by way of a dividend and a winding up distribution as incidental to surrender of their charters. As a result of the foregoing, all the assets and liabilities of the Predecessor Companies and the Amalgamated Companies became the assets and liabilities of the Company.

The businesses formerly carried on by all of the foregoing companies are now carried on by the Company and applications for surrender of charter of the Amalgamated Companies have been filed. The reorganization involved no monetary benefit from either the Company, the Amalgamated Companies, or the Predecessor Companies to Fred, Philip and Ernie Perlman other than those economies and other benefits to the Company, and consequently to its shareholders, flowing in the normal course from the reorganization.

The 4,230 preferred shares referred to above, were all redeemed on August 31, 1972 and the 35,799 common shares were converted into the presently issued and outstanding 420,000 Class A Shares and 1,083,558 Class B Shares by the Supplementary Letters Patent dated December 12, 1972. Such shares are held by Fred, Philip and Ernie Perlman as were their shares in the Predecessor Companies.

Interest of Management and Others in Material Transactions and Promoters

Fred Perlman, Philip Perlman and Ernie Perlman may be deemed to be promoters of the Company as that term is defined in the securities legislation of various provinces of Canada. During the period commencing September 1, 1967, and terminating October 31, 1972, the foregoing individuals received direct remuneration from the Company aggregating \$177,333 each. Reference is made to "Plan of Distribution", "Employee Pension Plan", and "Recent Reorganization" on pages 7, 10 and 11, respectively, for details concerning other considerations and amounts received, directly or indirectly, from the Company during the same period.

In the fiscal year ended August 31, 1969, each of Fred, Philip and Ernie Perlman received the sum of \$15,000 from Bridal Modes Inc. in partial repayment of loans originally aggregating \$299,480 payable on demand without interest. In the fiscal year ended August 31, 1972, each of Fred, Philip and Ernie Perlman received from the Company further partial repayments of these loans in the sums of \$8,027, \$7,827 and \$13,626, respectively. On September 1, 1971, \$225,000 principal amount of such loans was converted into 6% unsecured notes repayable by the Company in five equal annual installments, the first of which is due on December 1, 1973. The Company presently owes Fred Perlman the sum of \$76,800, Philip Perlman the sum of \$77,000, and Ernie Perlman the sum of \$71,200, representing the outstanding balances on such notes.

On August 31, 1972, the Company redeemed all of its issued and outstanding 5% Redeemable Preferred Shares, at their par value of \$10 each, and Fred, Philip and Ernie Perlman each received the sum of \$14,100 from the Company in payment of the redemption price.

The store locations at 393 St. Catherine St. West, Montreal, Quebec, 1715 Barrington St., Halifax, Nova Scotia and 2155 Gottingen St., Halifax, Nova Scotia are leased by the Company from Fred Perlman, Ernie Perlman and Philip Perlman for terms of five years commencing November 1, 1972. The annual rentals are \$14,400, \$13,500 and \$7,500, respectively. During the period commencing September 1, 1967 and terminating October 31, 1972 each of Fred, Philip and Ernie Perlman received the aggregate sum of \$60,467 as rental from the Company for these premises. The three leases provide that the Company is responsible for escalation of all municipal and school taxes attributable to the premises leased. The Company believes that the terms and conditions of these leases are comparable with other leases of the Company for similar space.

Between September 1, 1968 and August 31, 1971, Fred, Philip and Ernie Perlman each received from Predecessor Companies cash dividends aggregating \$60,000. In the same period each of such individuals received dividends aggregating \$38,250 paid in preferred shares of Predecessor Companies, in respect of which such companies paid a total of \$20,250 in income taxes.

Material Contracts

Particulars of every material contract entered into by the Company, the Amalgamated Companies and the Predecessor Companies within the last two years, other than contracts in the ordinary course of business are as follows:

1. The agreements entered into as of September 1, 1971 referred to under "Recent Reorganization" on page 11; and
2. The Underwriting Agreement referred to under "Plan of Distribution" on page 7.

Copies of the contracts referred to above may be inspected at the head office of the Company during ordinary business hours at any time during the period of distribution to the public of the securities offered hereby and for a period of 30 days thereafter.

Auditors

The auditors of the Company are Richter, Usher and Vineberg, Chartered Accountants, 1303 Greene Avenue, Montreal 215, Quebec.

Registrar and Transfer Agent

The transfer agent and registrar for the Class A Shares and the Class B Shares of the Company is Canada Permanent Trust Company, at its principal office in each of the Cities of Halifax, Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver.

Dalmys (Canada) Limited

**Balance Sheet (Note 1)
As at August 31, 1972**

Assets

Current:

Cash and short term deposits	\$ 908,260	
Accounts receivable, less allowance for doubtful accounts	1,676,143	
Inventories, valued at the lower of approximate cost or net realizable value	2,158,790	
Prepaid expenses and deposits	<u>70,243</u>	
		\$4,813,436

Fixed (Note 2):

Furniture, fixtures, equipment and leasehold improvements, at cost, less accumulated depreciation and amortization	<u>1,485,440</u>	
		<u>\$6,298,876</u>

Liabilities

Current:

Accounts payable	\$1,899,374	
Wages payable	132,276	
Income taxes payable	<u>926,636</u>	
		\$2,958,286

Long Term Debt:

6% notes payable, shareholders (repayable in annual instalments of \$45,000 each, commencing December 1, 1973)		225,000
Deferred Income Taxes		58,400

Shareholders' Equity

Capital Stock (Note 3)	\$ 35,799	
Retained Earnings	<u>3,021,391</u>	
		<u>3,057,190</u>
		<u>\$6,298,876</u>

Approved on behalf of the Board:

(Signed) Fred Perlman, Director

(Signed) Philip Perlman, Director

See notes to financial statements.

Dalmys (Canada) Limited

Statement of Earnings (Note 1)

	Year Ended August 31, 1972	1971	1970	1969	1968
Sales	\$17,155,877	\$13,587,740	\$10,900,227	\$9,222,039	\$8,040,646
Costs and expenses:					
Cost of sales and selling, general and administrative expenses	14,978,199	12,495,422	10,150,026	8,492,604	7,344,711
Depreciation and amortization	211,820	184,448	144,030	121,650	109,063
Executive pension plan contributions	—	—	—	—	85,000
Interest on long term debt	13,500	—	—	—	—
	<u>15,203,519</u>	<u>12,679,870</u>	<u>10,294,056</u>	<u>8,614,254</u>	<u>7,538,774</u>
Earnings before income taxes	<u>1,952,358</u>	<u>907,870</u>	<u>606,171</u>	<u>607,785</u>	<u>501,872</u>
Provision for income taxes—					
Current	922,000	454,500	299,200	300,678	254,379
Deferred	18,000	14,800	13,700	10,100	(1,800)
	<u>940,000</u>	<u>469,300</u>	<u>312,900</u>	<u>310,778</u>	<u>252,579</u>
Net earnings before extraordinary items	1,012,358	438,570	293,271	297,007	249,293
Extraordinary items (Note 6)	—	—	—	25,500	46,800
Net earnings	<u>\$ 1,012,358</u>	<u>\$ 438,570</u>	<u>\$ 293,271</u>	<u>\$ 322,507</u>	<u>\$ 296,093</u>
Earnings per common share (Note 7)					
Before extraordinary item	\$0.67	\$0.29	\$0.20	\$0.20	\$0.17
After extraordinary item	\$0.67	\$0.29	\$0.20	\$0.21	\$0.20

Statement of Retained Earnings (Note 1)

	Year Ended August 31, 1972	1971	1970	1969	1968
Balance—beginning of year—					
As previously reported	\$1,973,299	\$1,592,869	\$1,491,683	\$1,268,141	\$ 970,442
Adjustment of prior years' depreciation (Note 2)	35,734	22,594	10,509	1,544	3,150
	<u>2,009,033</u>	<u>1,615,463</u>	<u>1,502,192</u>	<u>1,269,685</u>	<u>973,592</u>
Net earnings	1,012,358	438,570	293,271	322,507	296,093
	<u>3,021,391</u>	<u>2,054,033</u>	<u>1,795,463</u>	<u>1,592,192</u>	<u>1,269,685</u>
Dividends—					
Cash	—	45,000	135,000	—	—
Tax-paid stock dividends	—	—	38,250	76,500	—
Tax paid under Section 105 of the Income Tax Act (Canada)	—	—	6,750	13,500	—
	<u>—</u>	<u>45,000</u>	<u>180,000</u>	<u>90,000</u>	<u>—</u>
Balance—end of year	<u>\$3,021,391</u>	<u>\$2,009,033</u>	<u>\$1,615,463</u>	<u>\$1,502,192</u>	<u>\$1,269,685</u>

See notes to financial statements.

Dalmys (Canada) Limited

Statement of Source and Use of Funds (Note 1)

	Year Ended August 31, <u>1972</u>	<u>1971</u>	Combined Year Ended August 31, <u>1970</u> <u>1969</u> <u>1968</u>		
Funds provided:					
From operations					
Net earnings	\$1,012,358	\$ 438,570	\$ 293,271	\$ 322,507	\$ 296,093
Charges to operations not requiring an outlay of funds—					
Depreciation and amortization	211,820	184,448	144,030	121,650	109,063
Income taxes, deferred . . .	18,000	14,800	13,700	10,100	(1,800)
	<u>1,242,178</u>	<u>637,818</u>	<u>451,001</u>	<u>454,257</u>	<u>403,356</u>
Issue of common shares	99	—	—	—	—
	<u>1,242,277</u>	<u>637,818</u>	<u>451,001</u>	<u>454,257</u>	<u>403,356</u>
Funds used:					
Additions to fixed assets, net	459,268	413,683	481,166	133,067	202,956
Repayment of shareholders' advances	29,480	—	—	45,000	—
Redemption of preferred shares . . .	42,300	37,500	—	—	—
Dividends—cash	—	45,000	135,000	—	—
—redemption of preferred shares issued as stock dividends	—	—	38,250	76,500	—
Tax paid under Section 105 of the Income Tax Act (Canada)	—	—	6,750	13,500	—
	<u>531,048</u>	<u>496,183</u>	<u>661,166</u>	<u>268,067</u>	<u>202,956</u>
Increase (decrease) in working capital	711,229	141,635	(210,165)	186,190	200,400
Working capital—beginning of year . . .	<u>1,143,921</u>	<u>1,002,286</u>	<u>1,212,451</u>	<u>1,026,261</u>	<u>825,861</u>
Working capital—end of year	<u>\$1,855,150</u>	<u>\$1,143,921</u>	<u>\$1,002,286</u>	<u>\$1,212,451</u>	<u>\$1,026,261</u>

See notes to financial statements.

Notes to Financial Statements August 31, 1972

Note 1—Principles of combination:

The Company was incorporated under the laws of Canada by Letters Patent dated August 5, 1971. As a result of a series of transactions effective September 1, 1971, the Company acquired the assets and assumed the liabilities of Dalmys Limited, Dalmys (Maritimes) Limited, Gascon Inc., Bridal Modes Inc. and Styles Ltd. (collectively the "predecessor companies"). Except where the context otherwise requires, reference to the "Company" includes the predecessor companies.

The financial statements for the year ended August 31, 1972 are those of Dalmys (Canada) Limited; the statements of earnings, retained earnings and source and use of funds for the four years ended August 31, 1971 represent the combined results of operations and changes in financial position of the predecessor companies.

Note 2—Fixed assets:

(a) Particulars of fixed assets are as follows:

	Cost	Accumulated Depreciation and Amortization	Net Book Value
Furniture, fixtures and equipment	\$1,261,736	\$ 614,947	\$ 646,789
Automotive equipment	71,354	36,616	34,738
Leasehold improvements	1,223,711	419,798	803,913
	<u>\$2,556,801</u>	<u>\$1,071,361</u>	<u>\$1,485,440</u>

(b) Annual depreciation rates adopted by the Company are:

On the straight line basis—

- i) furniture, fixtures and equipment — 10%
- ii) leasehold improvements — term of lease plus first renewal option

On the diminishing balance method—

- i) automotive equipment — 30%

- (c) In 1972 the Company changed its method of computing depreciation on its furniture and equipment from the diminishing balance basis, which coincided with maximum capital cost allowances permitted by income tax regulations, to the straight line basis.

The 1971 and prior years' financial statements have been restated to give effect to the changed depreciation method resulting in an increase of \$32,584 in previously reported net earnings, after providing for deferred income taxes of \$36,800 relating thereto for the years 1968 to 1971.

Note 3—Capital stock, share option and share purchase plans:

On September 1, 1971, the Company issued 35,700 common shares and 4,230 5% non-cumulative redeemable preferred shares in exchange, on a share for share basis, for all the issued common and preferred shares of the predecessor companies. All 4,230 preferred shares were subsequently redeemed.

By Supplementary Letters Patent dated December 12, 1972 the capital of the Company was reduced by the cancellation of the issued and unissued 5% non-cumulative redeemable preferred shares, the issued and unissued common shares of \$1 par value were subdivided on a 42-for-1 basis and reclassified into Class A Shares and Class B Shares without nominal or par value, and the authorized capital of the Company was increased.

After giving effect to these changes, the capital stock as at August 31, 1972 would have been as follows:

Common Shares without nominal or par value	
Class A Convertible	
Authorized—5,000,000 shares	
Issued and outstanding— 420,000 shares	\$10,000
Class B Convertible	
Authorized—5,000,000 shares	
Issued and outstanding—1,083,558 shares	25,799
	<u>\$35,799</u>

The Class A Shares and the Class B Shares are interconvertible at any time at the option of the holder on a one for one basis and participate equally, subject to adjustment made for the tax-paid feature on the Class B Shares, as to dividends.

Dividends on the Class B Shares shall, unless the directors in their discretion consider it impracticable to do so, be paid in whole or in part, out of tax-paid undistributed surplus on hand. Dividends on the Class A Shares will be paid in an amount equal to the sum of the amount paid on the Class B Shares plus any applicable amount of tax paid by the Company to create the amounts of tax-paid undistributed surplus pertaining to such dividends on the Class B Shares.

As at August 31, 1972, the capital stock was as follows:

Authorized:	
15,000 5% non-cumulative redeemable preferred shares of \$10 par value	
100,000 common shares of \$1 par value	
Issued:	
35,799 common shares	\$35,799

On December 12, 1972, the Company adopted an Employee Share Option Plan covering 65,000 Class A Shares and an Employee Share Purchase Plan covering 10,000 Class A Shares for key employees of the Company. On December 12, 1972, the Board of Directors authorized the granting of options to purchase 39,200 of the Class A Shares to 66 employees of the Company and the granting of rights to purchase 5,000 of the Class A Shares to 5 employees of the Company.

Note 4—Pensions:

The Company instituted pension plans in 1964 for the benefit of Fred Perlman, Ernie Perlman and Philip Perlman; the Company has no obligation to make any further contributions under these plans.

Note 5—Long term lease obligations:

The Company's rental expense (including occupancy charges and additional rental based on a percentage of sales) for the year ended August 31, 1972 amounted to \$1,115,845.

The aggregate minimum annual rentals for the next five years (exclusive of occupancy charges and additional rental based on a percentage of sales) of leases in effect as at August 31, 1972 are as follows:

1973	\$778,576
1974	772,503
1975	717,503
1976	689,489
1977	638,661

Note 6—Extraordinary items:

The extraordinary credits for the years 1968 and 1969 represent reductions of income taxes arising from the application of losses incurred by Bridal Modes Inc.

Note 7—Earnings per common share:

The earnings per common share shown are after giving effect to the subdivision of the common shares on a 42-for-1 basis.

Auditors' Report

To the Directors of
Dalmys (Canada) Limited, (the Company
resulting from the reorganization and
effective merger, on September 1, 1971,
of Dalmys Limited, Dalmys (Maritimes)
Limited, Gascon Inc., Bridal Modes Inc.
and Styles Ltd., the Predecessor Companies)

We have examined the balance sheet of Dalmys (Canada) Limited as at August 31, 1972, the statements of earnings, retained earnings and source and use of funds for the year then ended and the combined statements of earnings, retained earnings and source and use of funds for the two years ended August 31, 1971. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- (a) The accompanying balance sheet presents fairly the financial position of the company as at August 31, 1972;
 - (b) The accompanying combined statements of earnings, retained earnings and source and use of funds present fairly the combined results of operations and the changes in financial position of the companies for the two years ended August 31, 1971;
 - (c) The accompanying statements of earnings, retained earnings and source and use of funds present fairly the results of operations and the changes in financial position of the company for the year ended August 31, 1972;
- all in accordance with generally accepted accounting principles applied on a consistent basis.

Montreal, Canada
December 12, 1972

(Signed) Richter, Usher & Vineberg
Chartered Accountants

Auditors' Report

To the Directors of
Dalmys (Canada) Limited, (the Company
resulting from the reorganization and
effective merger, on September 1, 1971,
of Dalmys Limited, Dalmys (Maritimes)
Limited, Gascon Inc., Bridal Modes Inc.
and Styles Ltd., the Predecessor Companies)

We have examined the combined statements of earnings, retained earnings and source and use of funds of Dalmys Limited, Dalmys (Maritimes) Limited, Gascon Inc., Bridal Modes Inc. and Styles Ltd. for the two years ended August 31, 1969. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying combined statements of earnings, retained earnings and source and use of funds present fairly the combined results of operations and the changes in financial position of the companies for the two years ended August 31, 1969, in accordance with generally accepted accounting principles applied on a consistent basis.

Montreal, Canada
December 12, 1972

(Signed) Climan, Finkelstein & Company
Registered Public Accountants

Purchasers' Statutory Rights of Withdrawal and Rescission

Sections 64 and 65 of The Securities Act (Alberta), sections 70 and 71 of The Securities Act, 1967 (Saskatchewan), sections 63 and 64 of The Securities Act (Manitoba) and sections 64 and 65 of The Securities Act (Ontario) provide, in effect, that where a security is offered to the public in the course of primary distribution (described as "distribution to the public" under The Securities Act (Ontario)):

- (a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent, and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide, in effect, that where a security is offered to the public in the course of primary distribution:

- (a) a purchaser has a right to rescind a contract for the purchase of such security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice, and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the aforesaid Acts for the complete texts of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

Certificates

December 12, 1972

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act (Alberta), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act (Manitoba) and by Part VII of The Securities Act (Ontario), and the respective regulations thereunder and under the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

(Signed) Fred Perlman
Chief Executive Officer

(Signed) Ernie Perlman
Chief Financial Officer

(Signed) Fred Perlman
Director

(Signed) Ernie Perlman
Director

(Signed) Philip Perlman
Director

Promoters

(Signed) Fred Perlman

(Signed) Ernie Perlman

(Signed) Philip Perlman

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act (Alberta), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act (Manitoba) and by Part VII of The Securities Act (Ontario), and the respective regulations thereunder and under the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

DOMINION SECURITIES CORPORATION LIMITED

By: (Signed) H. R. Lawson

The following includes the name of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of Dominion Securities Corporation Limited: D. H. Ward, F. H. Logan, A. S. Fell, J. H. Davie, T. P. N. Jaffray, H. R. Lawson, P. Mackenzie, A. I. Matheson.

13.

ANNUAL MEETINGS

The annual meeting of the shareholders shall be held on such day and at such time in each year as the board of directors may from time to time determine.

14.

HEAD OFFICE AND PRINCIPAL OFFICE

The head office and principal office of the Company is at 9475 Meilleur Street, Montréal, Québec.

15.

REGISTRAR AND TRANSFER AGENT

The transfer agent and registrar for the Class A Shares and the Class B Shares of the Company is Canada Permanent Trust Company, at its principal offices in each of the Cities of Halifax, Montréal, Toronto, Winnipeg, Regina, Calgary and Vancouver. No fee is charged on the transfer of the Class A Shares and the Class B Shares other than the customary applicable government share transfer taxes.

16.

AUDITORS

The auditors of the Company are Richter, Usher and Vineberg, Chartered Accountants, 1303 Greene Avenue, Montréal 215, Québec.

17.

DIRECTORS AND OFFICERS

The names, home addresses, and position and offices held with the Company by each officer and director thereof, together with their principal occupations are as follows:

<u>Name and Home Address</u>	<u>Office</u>	<u>Principal Occupation</u>
Fishel (Fred) Perlman 15 Surrey Gardens Westmount, Québec	President and Director	President of the Company
Philip Perlman 690 Aberdeen Avenue Westmount, Québec	Vice-President and Director	Vice-President of the Company
Elias Noah (Ernie) Perlman 647 Powell Avenue Town of Mount Royal Québec	Secretary-Treasurer and Director	Secretary-Treasurer of the Company
Harry Finkelstein 5224 Cumberland Avenue Montréal, Québec	Controller	Controller of the Company

During the last five years Fred Perlman, Philip Perlman and Ernie Perlman were associated with and acted as directors, officers or managers of the Company or the Predecessor Companies. Harry Finkelstein is a chartered accountant who, prior to August 1970, was a partner in the firm of Climan, Finkelstein & Company, the former auditors of the Company.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, the applicant Company hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

DALMYS (CANADA) LIMITED



Per: "FRED PERLMAN",
President

Per: "ERNIE PERLMAN",
Secretary

Dated January 25, 1973

CERTIFICATE OF UNDERWRITERS

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

DOMINION SECURITIES CORPORATION LIMITED

Per: "PIERRE DUHAMEL"

Dated January 25, 1973

DISTRIBUTION OF CLASS A CONVERTIBLE STOCK AS OF JANUARY 18, 1973

<u>Number</u>		<u>Shares</u>
2	Holders of 1 — 24 share lots	35
93	" " 25 — 99 " "	4,580
492	" " 100 — 199 " "	50,150
212	" " 200 — 299 " "	42,950
43	" " 300 — 399 " "	13,000
25	" " 400 — 499 " "	10,050
75	" " 500 — 999 " "	41,500
55	" " 1000 — up " "	262,735
<u>997</u>	Shareholders	<u>425,000</u>
	Total shares	

DISTRIBUTION OF CLASS B CONVERTIBLE STOCK AS OF JANUARY 18, 1973

<u>Number</u>		<u>Shares</u>
—	Holders of 1 — 24 share lots	—
—	" " 25 — 99 " "	—
—	" " 100 — 199 " "	—
—	" " 200 — 299 " "	—
—	" " 300 — 399 " "	—
—	" " 400 — 499 " "	—
—	" " 500 — 999 " "	—
3	" " 1000 — up " "	1,083,558
<u>3</u>	Shareholders	<u>1,083,558</u>
	Total shares	